

EXHIBIT

17

Royal Philips Electronics Annual Results 2000

February 8, 2001

Let's make things better.



PHILIPS

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These presentations and discussions/document contain certain forward-looking statements with respect to the financial condition, results of operations and business of Philips and certain of the plans and objectives of Philips with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, levels of consumer and business spending in major economies, changes in consumer tastes and preferences, the levels of marketing and promotional expenditures by Philips and its competitors, raw materials and employee costs, changes in future exchange and interest rates, changes in tax rates and future business combinations, acquisitions or dispositions and the rate of technical changes. Market share estimates contained in this report are based on outside sources such as specialized research institutes, industry and dealer panels, etc. in combination with management estimates.

Financial Group Objectives

Group Objective Set in 1996

2000 Results

- Double digit growth in Earnings per Share

73 % excluding incidentals '99-'00



- RONA above 24%

35.7 % including incidentals

24.2 % excluding incidentals



- Positive cash flow

€3.0 billion



Agenda

Cor Boonstra

- **What we accomplished in 2000**
 - Performance
 - Highlights

Jan Hommen

- **Financials for FY2000 and Q4**

Gerard Kleisterlee

- **Looking ahead**
 - Technology Company
 - Short term issues
 - Medium term outlook

Performance Highlights

- Achieved targets set in 1996
- Stimulated sales growth – reached 20%
- Announced mergers and acquisitions totaling over €5 billion
- Achieved Cash Flow from Operating Activities of €3.0 billion

Performance of the Philips Group

Restated¹⁾, € million

	1997	1998	1999	2000
Sales	29,658	30,459	31,459	37,862
• % nominal growth	9	3	3	20
Income from operations	1,714	685	1,751	4,281
• as a % of sales	5.8	2.2	5.6	11.3
• as a % of net operating capital (RONA)	16.4	6.5	17.5	35.7
Income from Cont. Operations	1,231	541	1,804	9,602
One-time gains	-103	-375	247	7,038
Income from Cont. Operations excluding one-time gains	1,334	916	1,557	2,564

1) Restated excluding: PolyGram, Grundig, Philips Media, ASML

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Income from Continuing Operations

€ billion

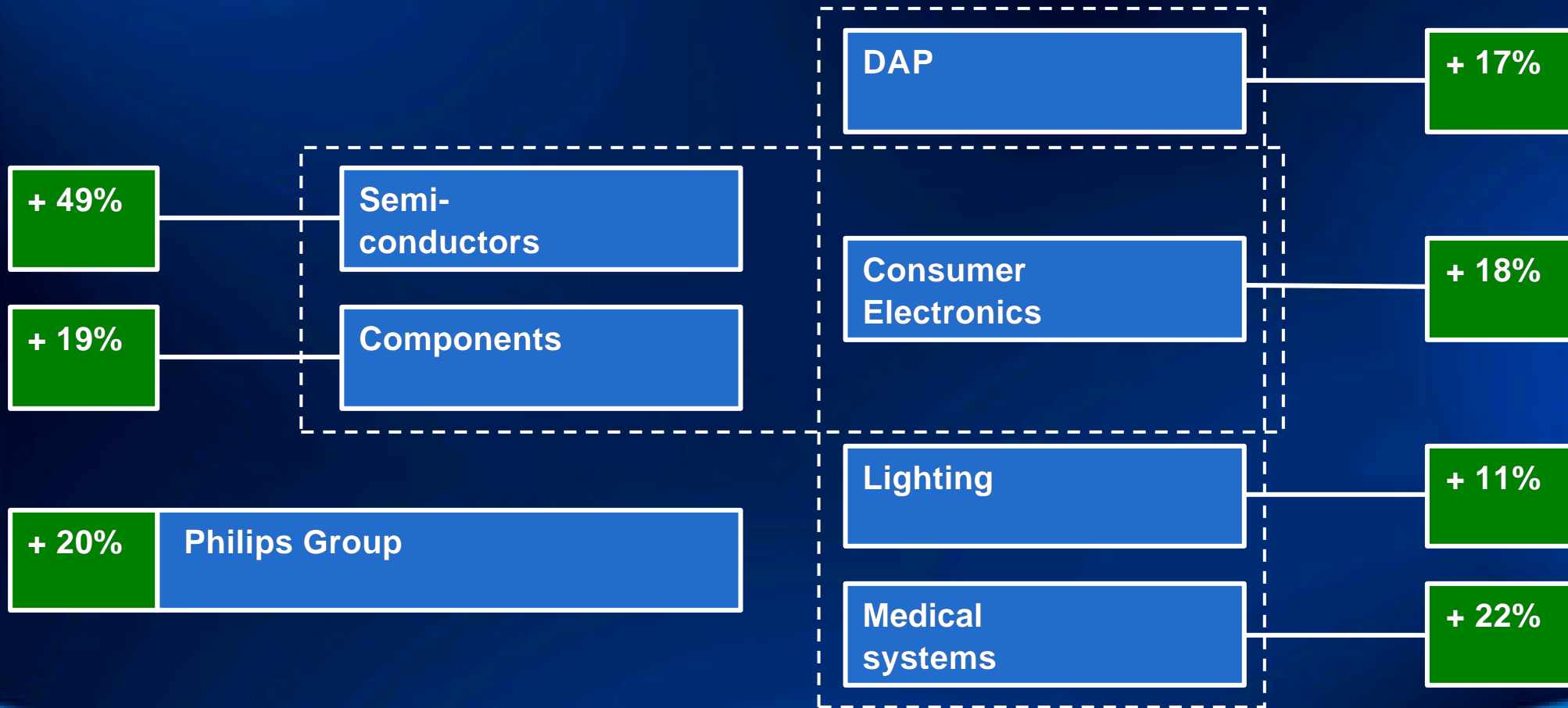


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Growth of the Product Divisions

2000 Nominal Revenue Growth



Group Equity and Net Debt

€ billion



1) Share buybacks of €1.5 billion in 1999 and €1.7 billion in 2000

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Performance of Semiconductors

€ million

	1999	2000	Highlights of 2000
Revenue	4,557	6,812	<ul style="list-style-type: none">• 49% nominal top line growth• Strong Q4: 38% growth versus 99Q4• Over €2 billion investments in acquisition and expansion of fabs (with ST Micro-electronics and IBM)• Opened fab in Singapore• Increased share position in TSMC to 29.4%
• % nominal growth	15	49	
<hr/>			
Income from operations	614	1,346	
• as a % of revenue	13.5	19.8	
• as a % of net operating capital (RONA)	23.1	35.5	

Semiconductors

- Over €2 billion investments in acquisition and expansion of fabs, including:
 - Wafer pilot-line fab with STMicroelectronics (joint investment of \$ 700 million) in France
 - Acquisition of IBM's MiCRUS wafer fab in the USA
- Systems-on-Silicon Manufacturing Company (SSMC) fab in Singapore yielded first silicon
- Increased share position in TSMC to 29.4%
- Completed integration of VLSI

Performance of Components

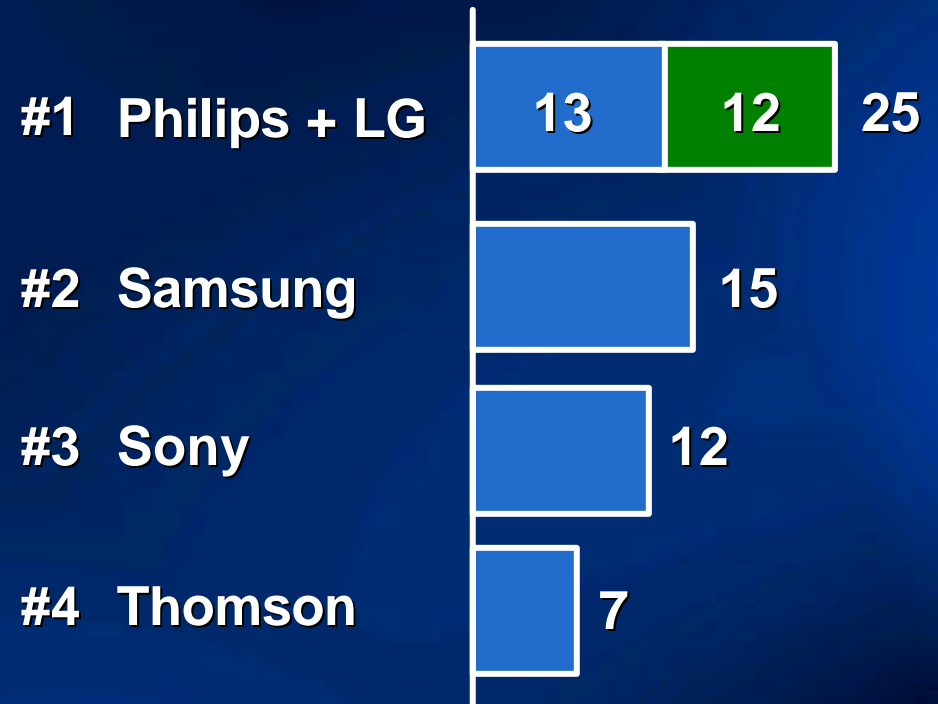
€ million

	1999	2000	Highlights of 2000
Revenue	5,325	6,332	• 120% growth in Optical Storage, and doubling CD-RW capacity
• % nominal growth	1	19	
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Income from operations	286	569	• Sale of Discrete and Ferrite Ceramics businesses
• as a % of revenue	5.4	9.0	
• as a % of net operating capital (RONA)	13.7	26.5	

New Joint Venture with LG

Creating the #1 Supplier of
CRT Tubes World Wide

Market Share CRT Tubes
Percent



Performance of CE

€ million

	1999	2000	Highlights of 2000
Revenue	12,602	14,852	<ul style="list-style-type: none">• Leadership in optical storage with CD-R• Improved position in DVD to market leadership in Europe• Increased transparency by creating dedicated units• Turnaround in Mainstream• Strong improvement in Monitors• Brand image improvement
• % nominal growth	1	18	
<hr/>			
Income from operations	258	374	
• as a % of revenue	2.0	2.5	
• as a % of net operating capital (RONA)	15.7	20.7	

CD-Recordable Leadership



- Philips #1
- Adopted by all industry players
- Prelude to DVD+RW

Performance of Lighting

€ million

	1999	2000	Highlights of 2000
Revenue	4,597	5,097	<ul style="list-style-type: none">• Strong growth in Automotive and Specialty Lighting• Strong market demand for Ultra High Power Lamp• Continuous RONA improvement
• % nominal growth	2	11	
<hr/>			
Income from operations	602	668	
• as a % of revenue	13.1	13.1	
• as a % of net operating capital (RONA)	32.7	34.7	

Ultra High Power Lamp

Very strong market demand for UHP Lamp

Performance of DAP

€ million

	1999	2000	Highlights of 2000
Revenue	1,817	2,130	<ul style="list-style-type: none"> • Acquisition of Optiva to strengthen Personal Care
• % nominal growth	3	17	
Income from operations	220	287	<ul style="list-style-type: none"> • High growth and again improved RONA to 53.5%
• as a % of revenue	12.1	13.5	
• as a % of net operating capital (RONA)	45.1	53.5	

Performance of Medical

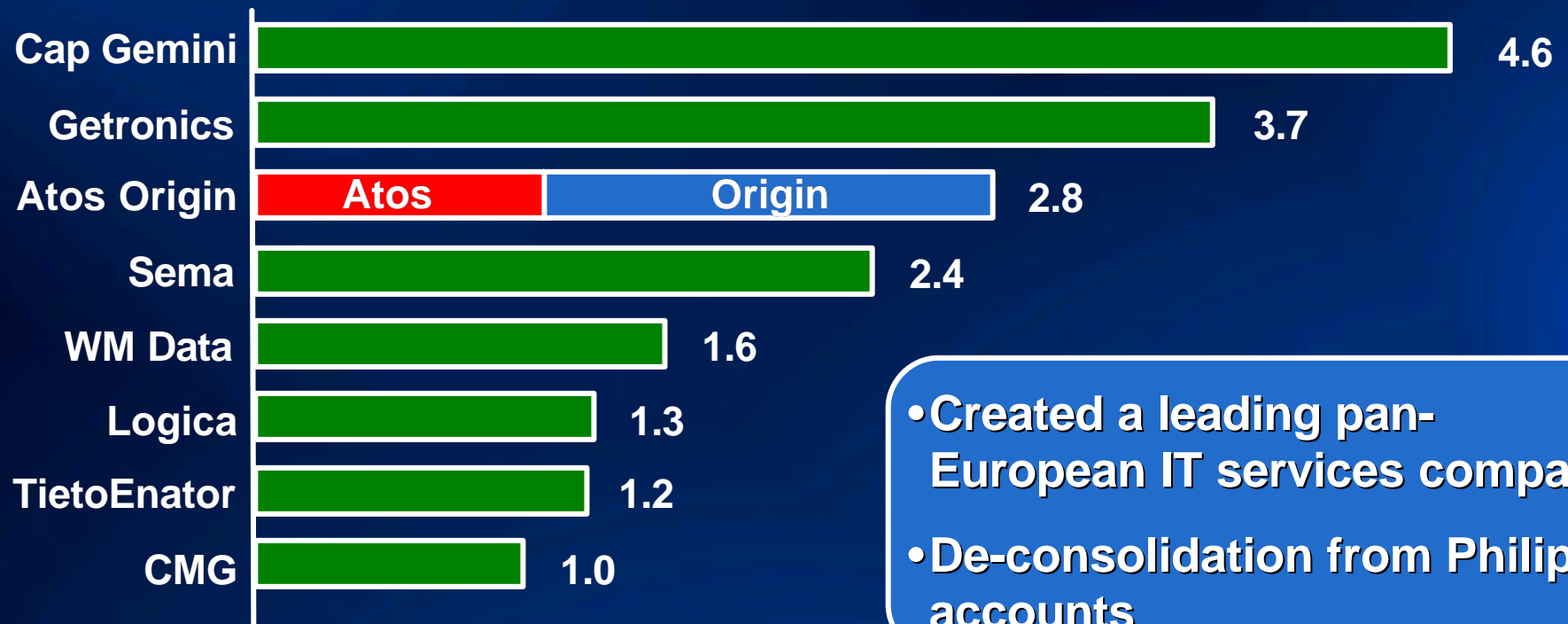
€ million

	1999	2000 ¹⁾	Highlights of 2000
Revenue	2,495	3,047	<ul style="list-style-type: none"> • Achieved leadership in Cardiology through acquisition of Agilent and ADAC • Acquisition of MedQuist • IFO of €169 mln including €140 mln of goodwill depreciation
• % nominal growth	27	22	
Income from operations	181	169	
• as a % of revenue	7.3	5.5	
• as a % of net operating capital (RONA)	18.3	10.3	

1) Includes MedQuist from Q3 onwards

Origin – Atos merger

1999 Sales European IT Market, € billion

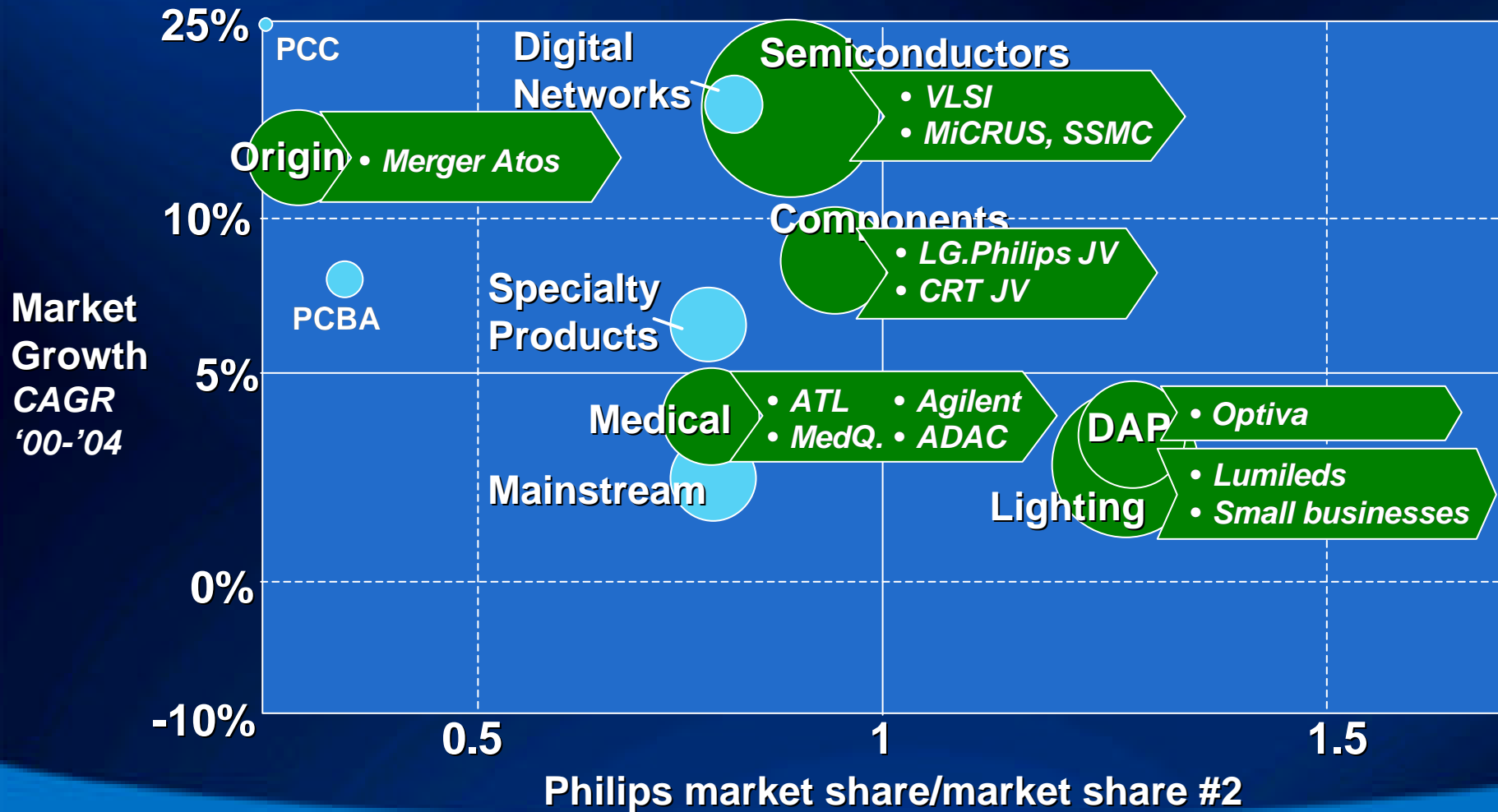


Where do we stand?

- All Divisions are strengthened towards market leadership

M&A & Investment Activities

Totalling € 13 billion, 1996-2000



Let's make things better.



Where do we stand?

- All Divisions are strengthened towards market leadership
- In a much focused portfolio

Focus in Businesses 1996-2000

 No longer Philips divisions

Supply

Components

Passive components

- Ceramics
- Miscellaneous

Semiconductors

Origin

Media

Polygram

Philips Media

- Sport 7
- Superclub
- Software
- UPC (cable operator)
- Infogrames

Consumer

Sound & Vision

- Video
- Audio
- Communications

- Primo
- Bang & Olufsen
- Vision Hire / Radio Rental

Grundig

Car Systems

Domestic Appliances

- Regina

Lighting

Professional

Business Electronics

- Datacommunications
- Notebooks

Industrial Electronics

- Smart cards
- Industrial X-Ray
- Optoelectronics
- 10 small operating units

Medical Systems

- Radiation therapy
- Pie Medical

Other

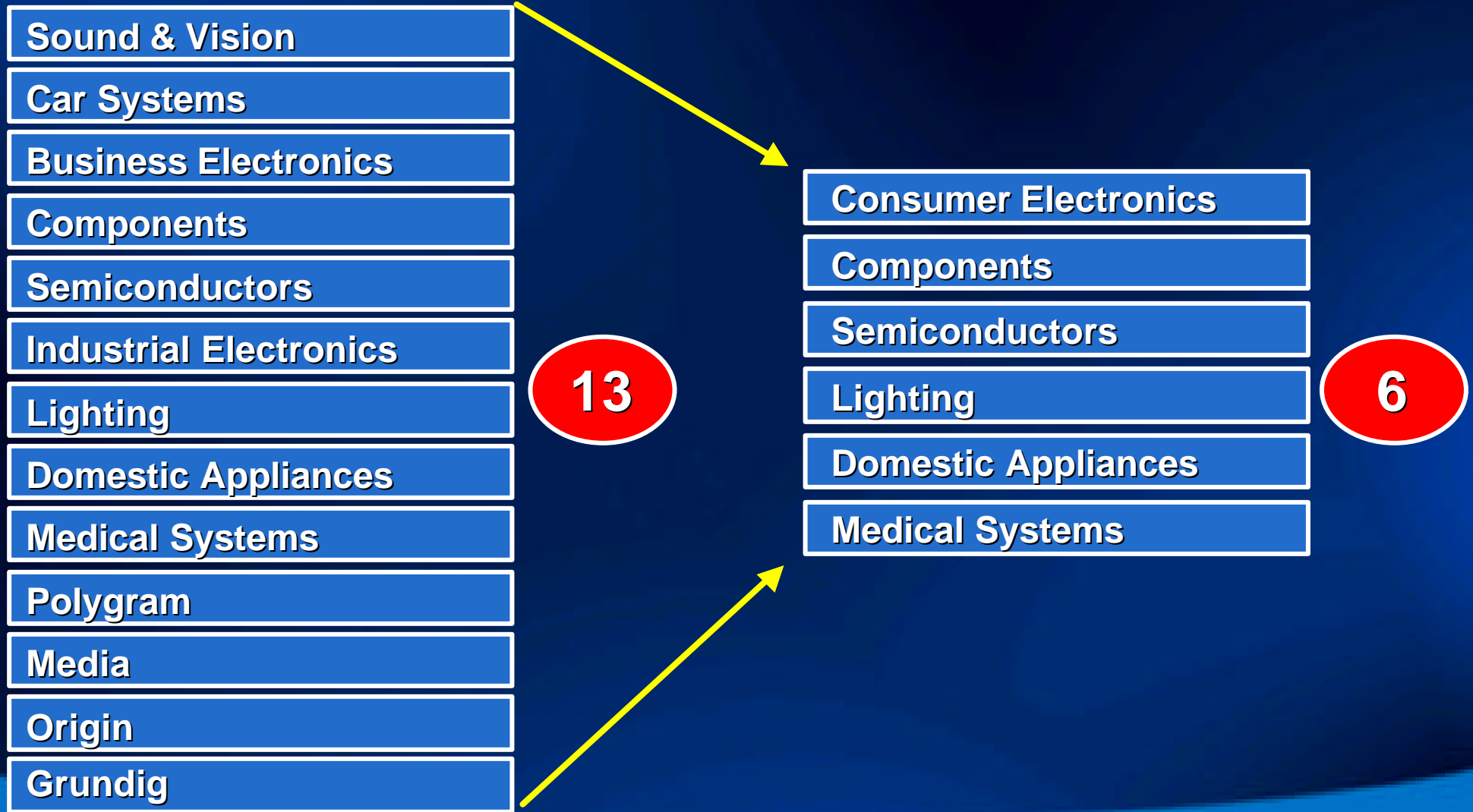
Miscellaneous

- Mendes Gans
- Philips Financial Services
- Bankgesellschaft Heinrich Benke
- Travel agency

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Focus in Divisions 1996 - 2000



Where do we stand?

- All Divisions are strengthened towards market leadership
- In a much focused portfolio
- Which brings us halfway into our step 1, 2, 3 strategy process

Strategy Process

Step 1

Regaining
financial
credibility



All financial
objectives
reached in 2000

Step 2

Building a
platform for
profitable
growth



Moving towards
high growth
portfolio

Step 3

Transform
Philips into a
“Technology
Company”

Becoming a shaper
of high growth
technology
businesses

Where do we stand?

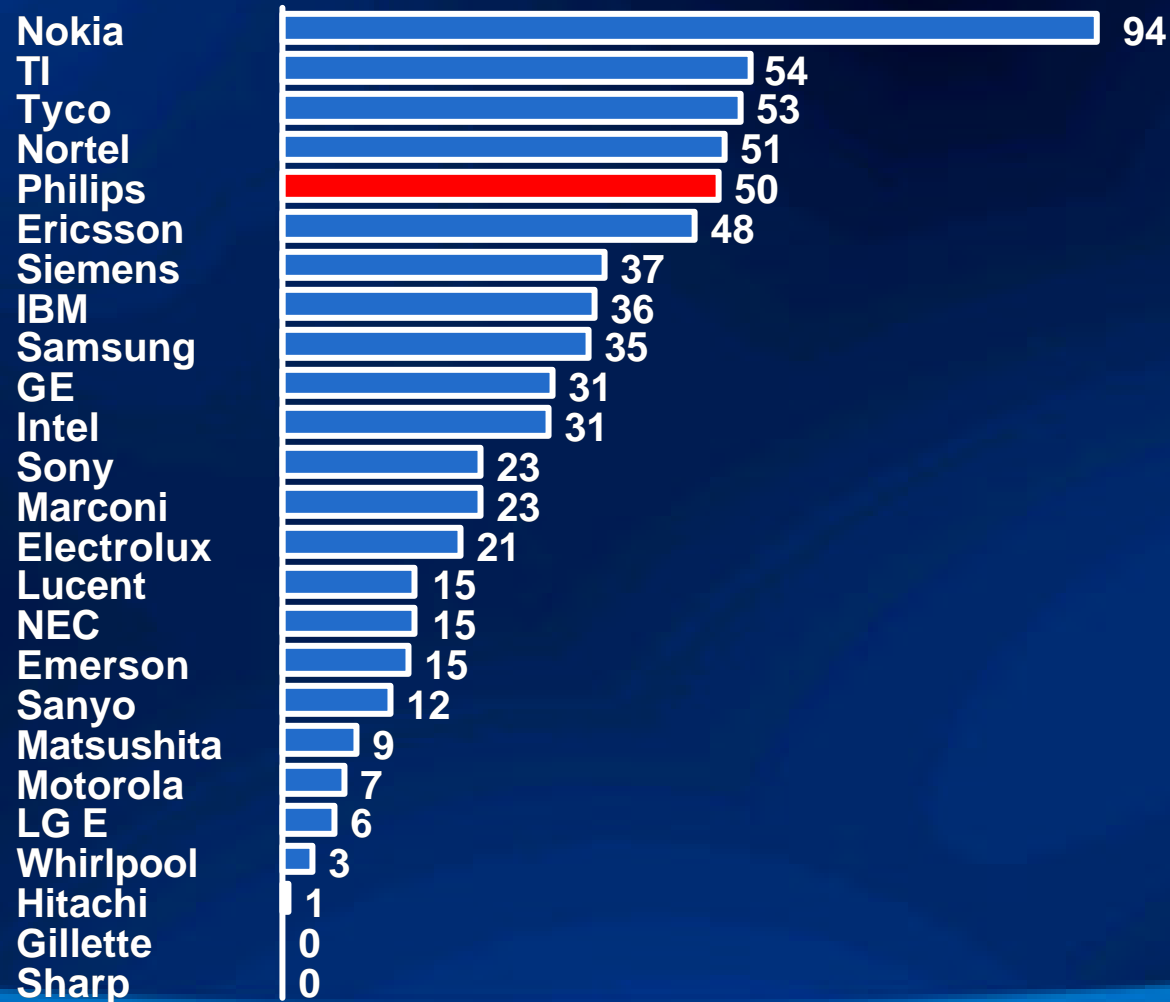
- All Divisions are strengthened towards market leadership
- In a much focused portfolio
- Which brings us halfway into our step 1, 2, 3 strategy process



With a top-5 TRS performance versus our peers

TRS of the Peer Group

CAGR Oct 1, 1996 – Feb. 1, 2001



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Net Income

€ million

Net income as published	9,602
Incidentals gains after tax	
• JDS Uniphase	1,207
• ASML	2,595
• TSMC	680
• Beltone	122
• Ceramic Components	247
• Atos Origin	1,072
• Seagram/Vivendi Universal	<u>1,115</u> +
	7,038
Adjusted Net Income	2,564

ASML

Share price May '98 - 2000, €



JDS Uniphase

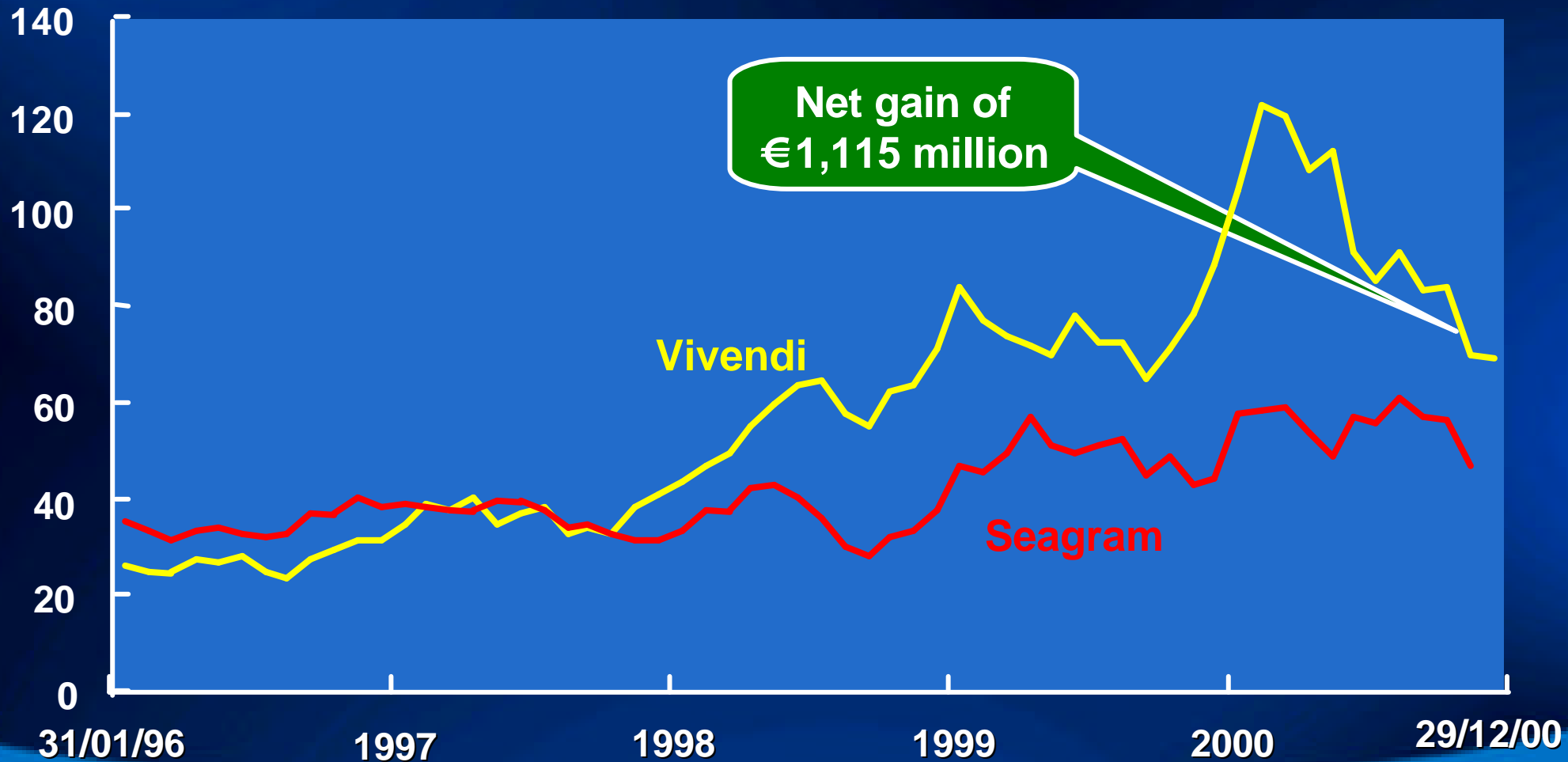
Share price 1996 - 2000, \$



Let's make things better.

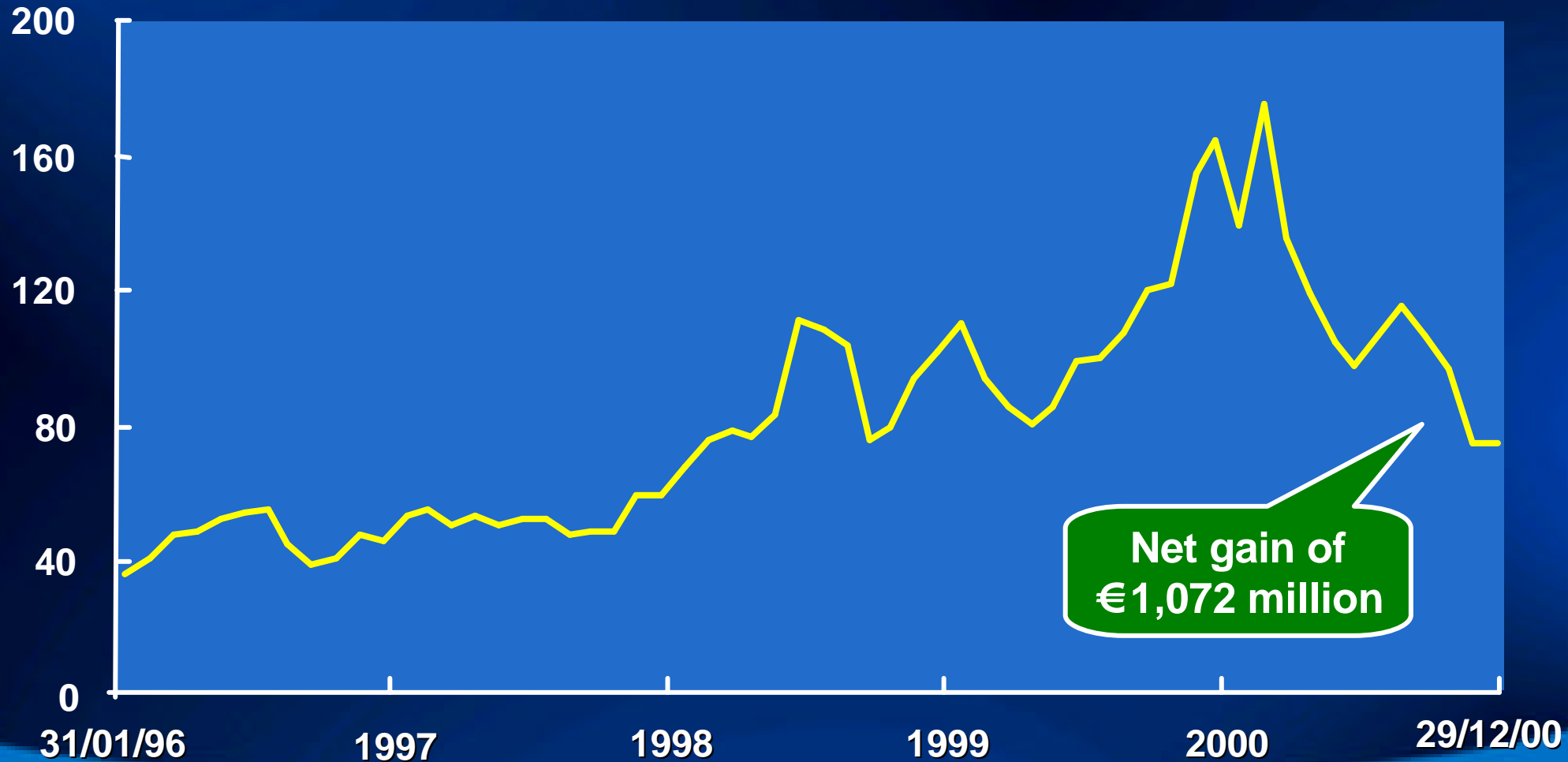
Seagram Vivendi

Share price 1996 - 2000, €



Atos

Share price 1996 - 2000, €



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Highlights Year 2000

- Achieved record earnings with double digit growth of EPS 73% - excluding incidental gains
- Achieved record RONA of 24.2%, excluding incidentals, meeting our target
- Achieved positive cash flow of €592 million
- Acquisitions during the year of €3.7 billion
- Divestitures during the year of €4.4 billion
- Share buy-back to the amount of €1.7 billion

Highlights Year 2000 – Continued

- Sales growth - Nominal 20%, Comparable 11%
- Large increase in income from non-consolidated companies, especially TSMC
- Continuing restructuring charges to improve our future performance of €203 million
- Increase of goodwill and related charges to €466 million from €264 million in 1999

Net Income 4th Quarter 2000

€ million

Net income as published	2,792
Incidentals gains	
• ATOS Origin	1,072
• Seagram/Vivendi Universal	<u>1,115</u> +
	<u>2,187</u> -
	605
One-off charges	197
Adjusted Net Income	802

One-off Charges 4th Quarter

€ million

• Goodwill (ADAC and VCS)	79
• Provision Jubilee	55
• Already disposed of activities	19
• Discontinuation of TDMA activities	22
• Licenses	15
IFO Impact	190
• Less taxation	- 40
	150
• Taxation TSMC	47
Net Income impact	197

Highlights 4th Quarter 2000

- Completion of the Atos Origin merger which yielded a one-off gain of €1,072 million
- Completion of the exchange of Seagram for Vivendi Universal shares yielded a one-off gain of €1,115 million
- Acquisition of ADAC completed €437 million
- Acquisition of TSMC Redeemable Preference Shares for €458 million increasing our shareholding in TSMC
- Acquisition of LG Electronics Convertible Redeemable Preference Shares for €505 million
- In December we have seen a weakening of some markets that affected us

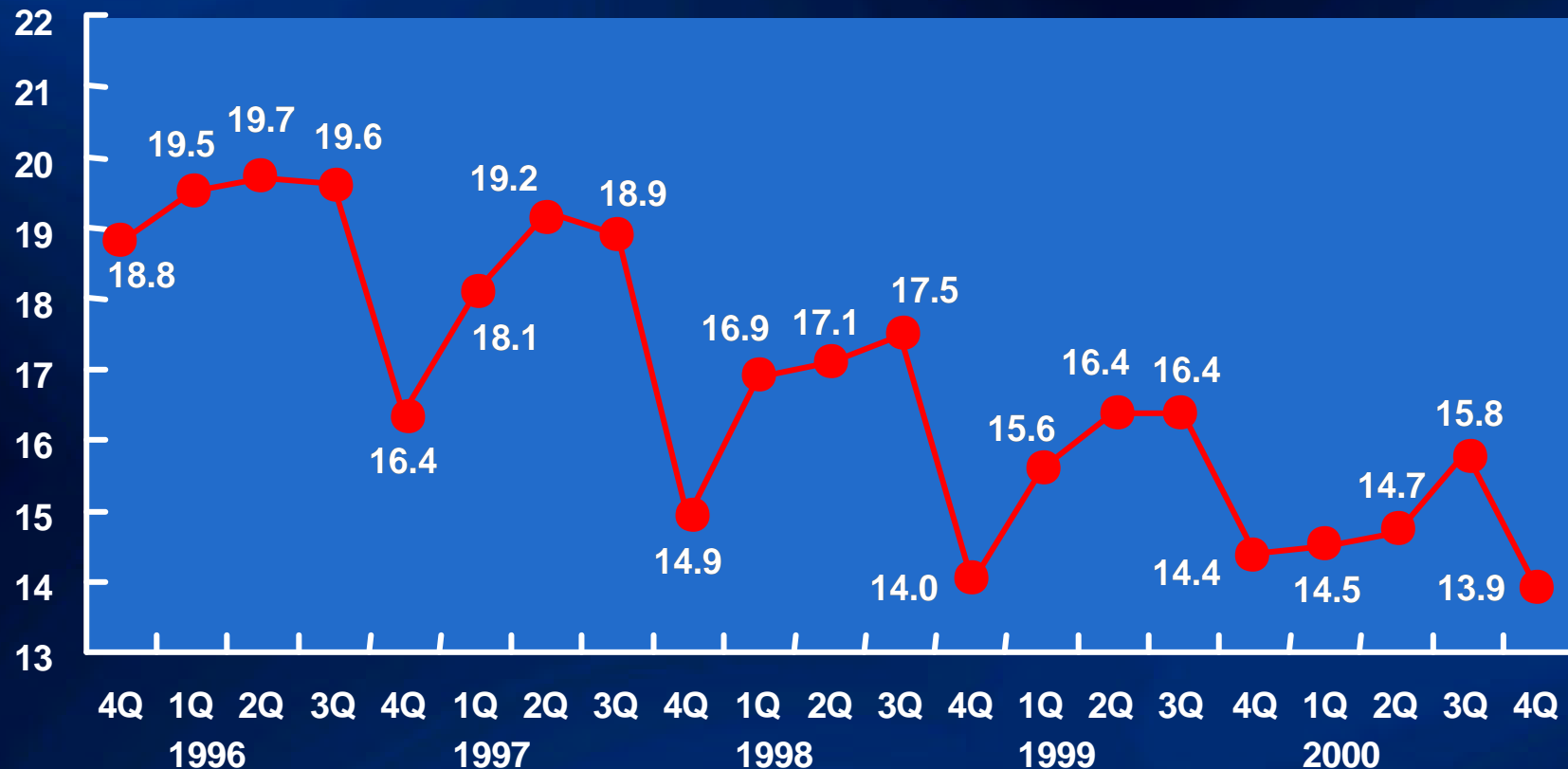
Sales Growth

Percent

	4th Quarter		Year	
	1999	2000	1999	2000
Nominal growth (€)	11	15	3	20
• Consolidation changes	0	- 2	- 2	0
• Currency changes	7	10	2	9
Comparable growth	4	7	4	11
• Price erosion	- 7	- 5	- 8	- 5
• Volume growth	11	12	11	16

Performance: Inventory Levels

Percentage of MAT Sales



Cash Flow

€ million

	2000	1999
Cash flow from Operating activities	2,996	1,913
Cash flow from Investing		
• Capital expenditures	-3,132	-1,576
• Purchase of businesses and assets	-3,706	-3,047
• Sale of businesses and securities	4,434	787
	— +	— +
	-2,404	-3,834
Cash flow before Financing	592	-1,921

Goodwill Amortization in IFO and Unconsolidated Companies

€ million



Semiconductors

- 4Q00 IFO was 21.1%, compared 20.5% in 3Q00
- Sequential revenue growth of 6% 4Q00 vs. 3Q00
- Book-to-bill in the fourth quarter was lower than 1
- Price erosion in 2000 on average was 3%. Price pressure increased in Q4, we anticipate it could be 6-7% in 2001
- Capex in 2000 was €1.8 billion including the MiCRUS acquisition. For 2001 we are currently planning for €1.4 billion Capex depending on further market developments

Semiconductors - Continued

- Based on a “soft landing” approach we expect the 1Q01 sales to be approx. 15% lower than 4Q00 however approx. 15% above 1Q00.
- We expect total 2001 sales to be more than 15% higher than 2000. This means we expect to outgrow the industry due to
 - our balanced portfolio (Consumer, Communications, no memory or flash memory products)
 - high growth in Networking and Identification
- Our expected growth is still consistent with a €10 billion annual run-rate of sales towards the end of 2002.

Components – Flat Display

- Mobile Display Systems has grown 25% in units (2000 vs. 1999) and 62% in sales value
- New organization in Kobe (Japan) now commences production of small color LCD screens
- Negative results in large LCD production in Kobe in view of announced discontinuation
- Continuing to build up capacity for, predominantly, the wireless phone and PDA market

Components – Display Components

- IFO in 4Q00 of approximately 7.5% in spite of
 - weaker Monitor tube business
 - weaker TV tube business in the USA and Asia excluding China
- JV with LG Electronics expected to be completed by the end of the second quarter
- Outlook remains difficult for the coming months
- Capex plans are being reduced
- Announced restructuring plans being accelerated

Components – Optical Storage

- Small loss in the quarter compared to an IFO of approximately 12% in 3Q00
- Significant slowdown in CD-Rewritable with December sales in units being 50% of sales in September, as a consequence of slow-down in PC markets
- Short-term action taken to reduce headcount and rephase capacity expansion
- Beyond the short-term we continue to expect significant growth in the future

Consumer Electronics - Mainstream

- Solid growth of sales in Europe and Latin America, however a slight decline in NAFTA
- The IFO continues on an improving trend benefiting from the recent organisational changes which led to a better bottom line accountability
- Significant improvement in the monitors business particularly improved productivity and product mix
- Continuing improvement in Audio
- Continuing R&D investments for market leadership in DVD and DVD+RW
- Continuing investments in E-commerce and brand equity

Consumer Electronics – Continued

- | | |
|---------------------------|--|
| Digital Networks | <ul style="list-style-type: none">• 32% Nominal sales growth 4Q00 vs. 4Q99• Penetrated new major accounts, roll-out delayed• €22 million additional obsolescence charge |
| PCC | <ul style="list-style-type: none">• 4Q00 GSM unit sales increased by 65%• Discontinuance of TDMA activity created a loss of € 22 million in the quarter• Continuing readjustment of the cost base• 4 new products to be introduced Q2, including one GPRS product |
| Specialty Products | <ul style="list-style-type: none">• 22% nominal sales growth 4Q00 vs. 4Q99• Results include restructuring charges for speech and a one-time charge for VCS• Reorganization effective February 1 |

Lighting

- **Strength in Eastern Europe and Asia compensates weakness in the USA in the last quarter**
- **Market growth remains limited with increased competition and some price erosion**
- **Automotive & Special Lighting strong growth of 12-13% and expanding capacity**
- **Underlying improvement programs continue to move ahead with additional restructuring required in 2001**
- **IFO includes €12 million charge in 4Q00 for a one-time Jubilee provision**

Medical Systems

- Results for the quarter were ahead of expectations after allowing for charges of €44 million totally of in-process R&D for ADAC, adjustment of ATL and MedQuist goodwill
- ATL was profitable for the whole year after goodwill, in line with the original plan
- The completion of the acquisition of the medical business of Agilent is expected before the end of the second quarter.
- The annual IFO shows a considerable underlying increase, after adjusting for the above, even after increasing R&D expenditure by €35 million to improve our position mainly in Magnetic Resonance and Computer Tomography
- The order book has increased on a comparable basis over a year ago by 12% which indicates a higher sales growth rate

Domestic Appliances & Personal Care

- Nominal growth of 19% 4Q00 vs. 4Q99
- IFO of 16% in 4Q00 compared to 14% in 4Q99
- Optiva acquisition completed and integration process is in line with the plan
- Product range rationalization continues

Summary Conclusion

- We had a good fourth quarter
- Slow-down in PC and Telecom market growth temporarily creating overcapacity impacting our Components and PCC business
- In CE making progress with turnaround for Mainstream, while Digital Networks and Speech are issues being addressed
- Although slower growth, Semiconductors is expected to outperform the market

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- **Looking ahead**
 - **Technology Company**
 - **Short term issues**
 - **Medium term outlook**

Looking Ahead

- Philips is now a financially robust company. We will continue our commitment to outperformance and achieving Best in Class
- To do so we are continuing to build the Philips Group into a technology company with a strong brand and cash flow
- We are increasing our medium term targets to new levels of performance, while remaining cautious for 2001

Strategy Process

Step 1

Regaining
financial
credibility



All financial
objectives
reached in 2000

Step 2

Building a
platform for
profitable
growth



Moving towards
high growth
portfolio

Step 3

Transform
Philips into a
“Technology
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Becoming a shaper
of high growth
technology
businesses

Objective of the Philips Group

**Position Philips as a
high growth technology company and
do what is 'best' for each business,**

*'best' meaning to achieve
profitable growth with
sustainable market leadership positions
that further create shareholder value,*

**consequently adapting the structure and
composition of the Group**

Technology Leadership Areas

EXAMPLES

Connectivity

Examples:

- Wireless handsets
- Set-top boxes
- Bluetooth ICs

Digital Video

Examples:

- TV/DVD
- Set-top boxes
- TriMedia / Nexperia
- RF Tuners

Display

Examples:

- Consumer TV
- One Chip TV
- LG.Philips
- Light Engines
- 3D Medical Imaging

Storage

Examples:

- Audio/DVD
- Optical Storage modules
- Consumer ICs

Let's make things better.

Philips in Display

#3 in CRT Consumer TV



#1 CRT tubes for consumer TV

#3 CRT for monitors



**#1 in One chip
TV ICs**



#2 in LCD Monitor



**#1 in AM LCD
panels**



**#3 Display
driver ICs**



Let's make things better.

Philips in Storage

#4 in Optical Storage Data



#1 in CD Recordable
#5 In DVD, #1 in Europe



#3 in Optical Modules



20% market share in
optical storage ICs



Let's make things better.

Philips in Digital Video Platform

#5 in DVD



#3 ICs for Digital CE
(overall)



3 Digital Set Top Boxes
(STBs)



#3 in ICs for digital
video



Let's make things better.

Philips in Connectivity

Leader in Bluetooth modules



#1 in RF ICs
#3 in baseband ICs



#11 in Mobile phones



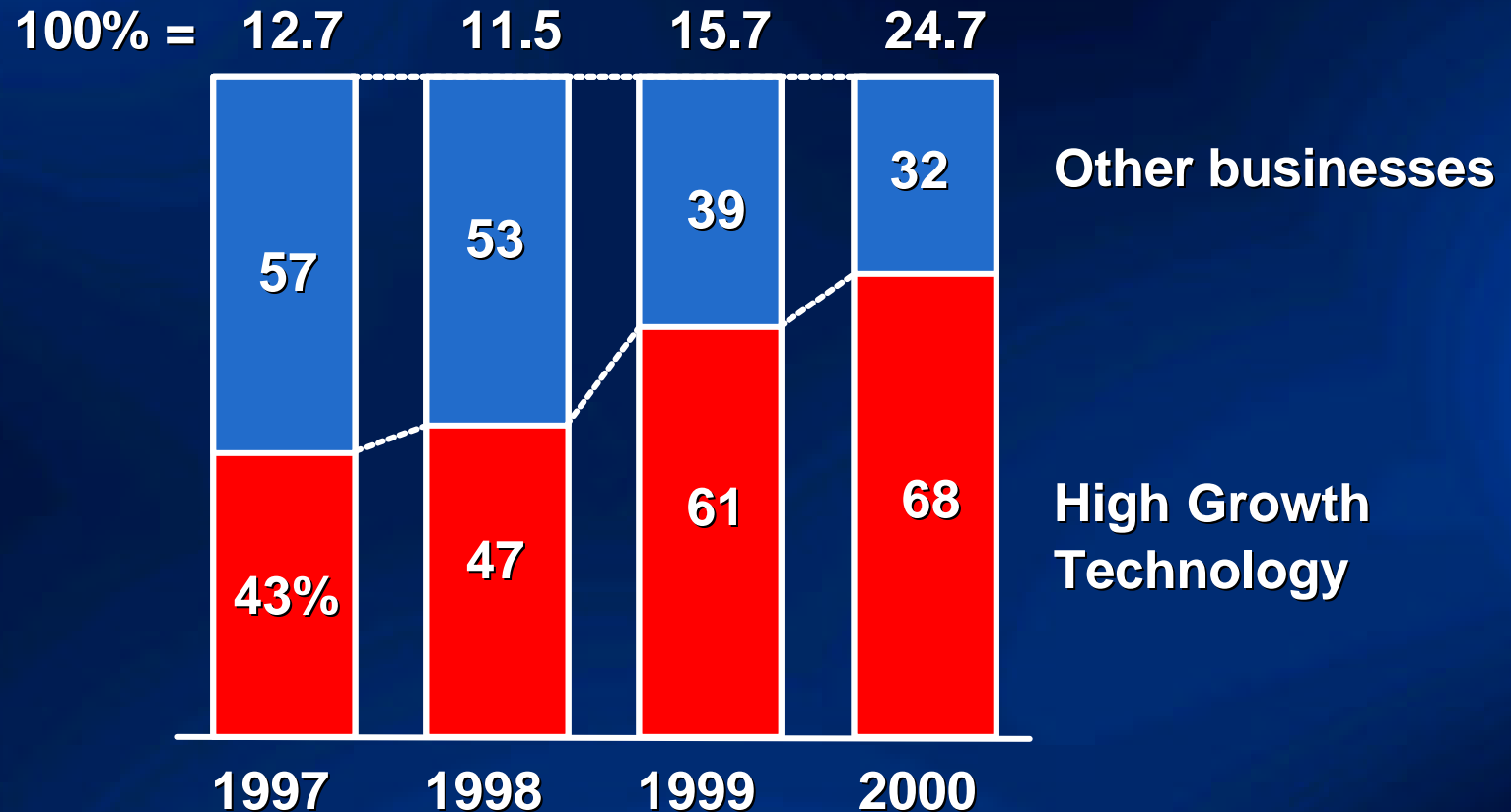
#1 in Mobile
display



Let's make things better.

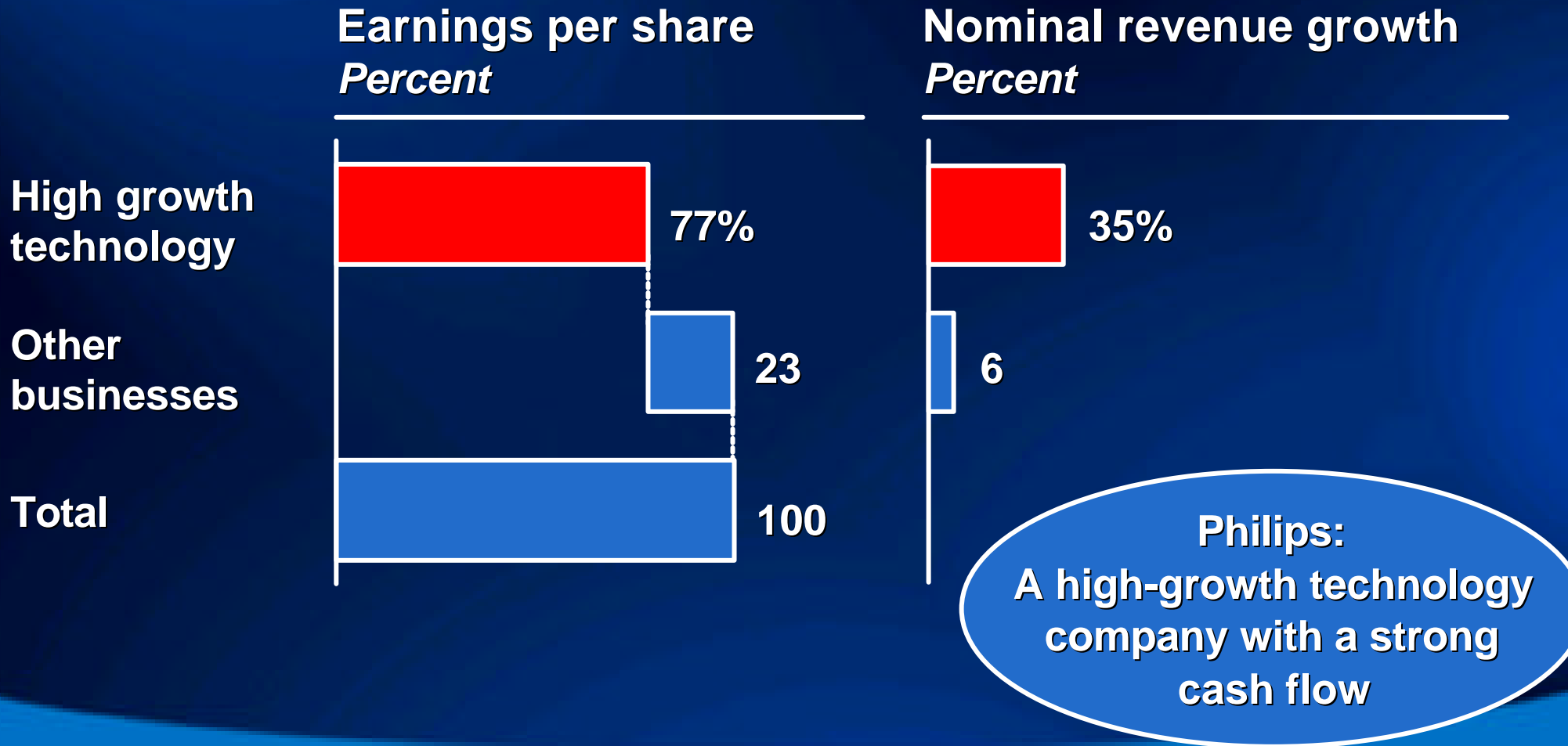
Invested Capital Trend

€ billion; Percent



High Growth Technology

2000, Excluding extraordinary items



Philips: a Technology Company

- Research, Semiconductors, Components, and parts of Consumer Electronics are at the heart of the High Growth Technology Company
- Lighting is a world leader and growth will come from better performance and technology driven innovation
- Medical Systems is a technology driven business with growth opportunities from our recent investments
- DAP is a mix of brand businesses with some important technology components (e.g., Shavers and Dental Care)

... with a strong Brand and Cash Flow

Building the Company

- Continued focus on performance to maintain precious financial credibility
- Flexible structures to support the development of our businesses
- Stimulating opportunities between businesses

Focus on Performance

**We will be highly critical
of low growth, low return
businesses lacking
market leadership**

Short Term Issues

- Overall CE profitability and focus
 - PCC
 - Digital Networks
 - Speech
 - Specialty Products
- Components, as a consequence of slower growth in PC and Telecom markets and overcapacity for Flat Panel Displays

Outlook 2001

Market Developments may slow down Earnings

- Slow-down in worldwide economic activity, in particular the USA
- Temporary oversupply PC and Telecom markets, in the first half of 2001

Our Actions consistent with Strategy

- Control Capex on a level below fiscal year 2000
- Continue to support high growth opportunities, also with acquisitions
- Improving operational efficiency
- More attention to a closer cooperation between businesses
- Further tightening business controls

New Group Objectives

1996-2000

- Double digit growth in Earnings per Share



- RONA above 24%



- Positive cash flow



Medium Term

- Sales growth above 10% on average per annum
- Income from Operations from 7.7% to 10% of sales
- 15% growth in Earnings per Share on average per annum
- RONA above 30%
- Positive cash flow

